

**53A-28-201 Contract with bondholders -- Full faith and credit of state is pledged -- Limitation as to certain refunded bonds.**

- (1)
- (a) The state of Utah pledges to and agrees with the holders of any bonds that the state will not alter, impair, or limit the rights vested by the default avoidance program with respect to the bonds until the bonds, together with applicable interest, are fully paid and discharged.
  - (b) Notwithstanding Subsection (1)(a), nothing contained in this chapter precludes an alteration, impairment, or limitation if adequate provision is made by law for the protection of the holders of the bonds.
  - (c) Each board may refer to this pledge and undertaking by the state in its bonds.
- (2)
- (a) The full faith and credit and unlimited taxing power of the state is pledged to guarantee full and timely payment of the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, bonds as such payments shall become due (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default of otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration).
  - (b) This guaranty does not extend to the payment of any redemption premium.
  - (c) Reference to this chapter by its title on the face of any bond conclusively establishes the guaranty provided to that bond under provisions of this chapter.
- (3)
- (a) Any bond guaranteed under this chapter that is refunded and considered paid for the purposes of and within the meaning of Subsection 11-27-3(6), no longer has the benefit of the guaranty provided by this chapter from and after the date on which that bond was considered to be paid.
  - (b) Any refunding bond issued by a board that is itself secured by government obligations until the proceeds are applied to pay refunded bonds, as provided in Title 11, Chapter 27, Utah Refunding Bond Act, is not guaranteed under the provisions of this chapter, until the refunding bonds cease to be secured by government obligations as provided in Title 11, Chapter 27, Utah Refunding Bond Act.
- (4) Only validly issued bonds issued after the effective date of this chapter are guaranteed under this chapter.

Enacted by Chapter 62, 1996 General Session